



**STATE OF INDIANA
OFFICE OF THE GOVERNOR**

State House, Second Floor
Indianapolis, Indiana 46204

Mitchell E. Daniels, Jr.
Governor

December 21, 2010

Dear fellow state employee:

First and foremost, I'm profoundly grateful for your hard work and service to our state. Not a day goes by that I don't learn of a state employee who has found a way to save taxpayers' dollars or serve the public better with the dollars we have. This creative collective effort is a big reason that Indiana state government is solvent when so many other states are broke, cutting employee pay and laying off thousands of workers.

It has been very disappointing to me that we have not been able to recognize financially your hard work over the last two years. Of course, few of the taxpayers who pay our salaries have had pay increases, and many have lost income or their jobs. Still, I have really regretted our inability to give pay raises during this recession.

In addition, our transition to a performance-based culture in which the best workers are rewarded has been largely interrupted by the national economy. Though we have continued our employee awards and bonus programs, I am very eager to resume pay increases for the best among us.

Therefore, I am authorizing a small increase for state employees who meet or exceed expectations. This will be a flat dollar increase, tilted toward high performing, lesser paid employees. In 2011, our highest performers will receive an average 2.5 percent increase; some of these individuals may earn as much as a 4 percent increase. On average, all employees receiving a positive review will get a 1.3 percent increase. Agency heads will not be eligible for any increase, and I will once again forgo the raise voted for the governor's job by the General Assembly three years ago. These actions, modest as they are, do resume our policy of properly compensating our high performers through our pay for performance review system.

Again, I am deeply grateful for your service to Hoosiers all across our great state, and wish we could do more to reward it. Keep up the good work. We still have much to do to continue to move Indiana forward. Happy Holidays to you and yours.

Best regards,

Mitch Daniels